

HOUSE BILL No. 1566

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3-2-5.1.

Synopsis: Tax deduction for mechanical insulation property. Provides an income tax deduction for depreciable costs incurred by a taxpayer to install mechanical insulation property. Defines "mechanical insulation property" as insulation materials used for thermal, acoustical, and personal safety requirements for mechanical piping and equipment, hot and cold applications, and heating, venting, and air conditioning applications. Provides that the amount of the deduction is the lesser of: (1) 30%; or (2) the percentage of excess energy savings from the installed mechanical insulation property when compared to the minimum energy savings requirements for buildings as published by the American Society of Heating, Refrigerating and Air-Conditioning Engineers (standard 90.1-2007).

Effective: January 1, 2016.

Moed

January 20, 2015, read first time and referred to Committee on Ways and Means.



First Regular Session of the 119th General Assembly (2015)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2014 Regular Session and 2014 Second Regular Technical Session of the General Assembly.

HOUSE BILL No. 1566

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 6-3-2-5.1 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 2016]: **Sec. 5.1. (a) As used in this section, "applicable**
4 **percentage" means the lesser of:**
5 **(1) thirty percent (30%); or**
6 **(2) the result of:**
7 **(A) the energy savings, expressed as a percentage, obtained**
8 **by placing the mechanical insulation property in service in**
9 **connection with a mechanical system; minus**
10 **(B) the energy savings, expressed as a percentage, the**
11 **property is required to meet by standard 90.1-2007,**
12 **developed and published by the American Society of**
13 **Heating, Refrigerating and Air-Conditioning Engineers,**
14 **Inc.**
15 **(b) As used in this section, "mechanical insulation property"**



1 means insulation materials, facings, and accessory products that
2 are:

3 (1) used for thermal, acoustical, and personal safety
4 requirements for mechanical piping and equipment, hot and
5 cold applications, and heating, venting, and air conditioning
6 applications; and

7 (2) placed in service in connection with a mechanical system
8 that is located in Indiana.

9 (c) As used in this section, "qualified expenditure" means an
10 expenditure that is chargeable to a capital account and subject to
11 depreciation.

12 (d) A taxpayer who makes a qualified expenditure for
13 mechanical insulation property during the taxpayer's taxable year
14 is entitled to a deduction against the taxpayer's adjusted gross
15 income in the taxable year.

16 (e) The amount of the deduction is equal to the product of:

17 (1) the total capital expenditures incurred by the taxpayer for
18 labor and materials to install mechanical insulation property
19 during the taxable year; multiplied by

20 (2) the applicable percentage.

21 In the case of mechanical insulation property placed in service as
22 a replacement for insulation property, the capital expenditure
23 amount incurred by the taxpayer for purposes of subdivision (1)
24 shall be reduced to thirty percent (30%) of the cost of labor and
25 materials to install the new mechanical insulation property.

26 (f) To obtain the deduction provided by this section, the
27 taxpayer must submit to the department all information that the
28 department determines is necessary to substantiate the deduction.

